

ORIGINAL

NEW APPLICATION

BEFORE THE ARIZONA CORPORATION CO



0000166436

SUSAN BITTER SMITH
Chairman
BOB STUMP
Commissioner
BOB BURNS
Commissioner
DOUG LITTLE
Commissioner
TOM FORESE
Commissioner

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ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

Arizona Corporation Commission

DOCKETED

OCT 28 2015

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IN THE MATTER OF THE APPLICATION
OF GLOBAL CROSSING LOCAL
SERVICES, INC. AND GLOBAL CROSSING
TELECOMMUNICATIONS, INC. TO
CANCEL BOND REQUIREMENT

) DOCKET NOS.

T-02438B-15-0365

T-03658A-15-0365

APPLICATION

Global Crossing Local Services, Inc. ("GCLS"), Global Crossing Telecommunications, Inc. ("GCTI") and Level 3 Communications, Inc. request cancellation of the bond requirement contained in Arizona Corporation Commission ("Commission") Decision Nos. 65653, 69345 and 71324. Together GCLS and GCTI are referred to below as "Applicants."¹

BACKGROUND

GCLS, a Michigan corporation, was granted a Certificate of Convenience and Necessity (CC&N) by this Commission to provide facilities based local exchange telecommunications service on April 1, 1999, in Decision No. 61622 (GCLS was previously known as Frontier Local Services, Inc.). GCTI, also a Michigan corporation, was granted a CC&N to provide

¹ As discussed in greater detail below, in 2011 Applicants became direct subsidiaries of Level 3 LLC and wholly owned indirect subsidiaries of Level 3 Communications, Inc.

interexchange telecommunications service on April 29, 1985, in Decision No. 54505 (GCTI was previously known as Allnet Communications Services, Inc.). Two additional Global Crossing entities were merged into the GCTI and GCLS after the bond requirement was imposed, and these subsidiaries requested and obtained cancellation of their respective CC&Ns. *See* Global Crossing North American Networks, Inc. CC&N cancelled on July 12, 2010 by Decision 71784; Global Crossing Telemanagement, Inc. CC&N cancelled on September 28, 2010 by Decision 71908.

In 2002, the Commission considered and approved an application for transfer of control of the Applicants and an associated encumbrance of the Applicant's Arizona assets. *See* Decision No. 65653. Consistent with Commission policy at the time, Decision No. 65653 para 7(c), required Applicants to file a performance bond of \$235,000 within 60 days of the effective date of the decision. Because the Applicants' parent company was just emerging from bankruptcy, the Applicants were unable to obtain a standard bond and instead worked with Commission Staff to set-up an equivalent mechanism to satisfy the bond requirement. With Staff's approval, Applicants set up an escrow account which held funds in trust for the Arizona Corporation Commission and, using an escrow agreement, set parameters for how the funds could be released from the Account to the Commission. *See* Escrow Agreement dated April 28, 2003 between Global Crossing North America, Inc. and HSBC BANK USA ("Escrow Agreement" and "Escrow Account"). Applicants filed a Notice of Compliance in Docket No. T-04139A-02-0727 with the signed Escrow Agreement attached on April 30, 2003. This Notice of Compliance and the Escrow Agreement are attached to this Application as Exhibit A. When the Escrow Agreement was drafted and signed, the Applicants were wholly owned indirect subsidiaries of Global Crossing North America, Inc.

In 2006, Applicants again sought approval to encumber assets, this time in connection with a financing. The order required that all "Arizona customer deposits and prepayments, if any, be excluded from encumbrance, or in the alternative, be secured by a bond or an irrevocable sight draft letter of credit which is not included in pledge collateral." Decision No. 69345. As stated in the 2006 Application for Approval to Encumber Assets, which was ultimately approved in Decision No. 69345, "as of April 30, 2006, the Companies do not hold any deposits or prepayments from Arizona customers." Application Docket T-02438B-0375, page 4.

In 2009, the Applicants sought Commission approval to encumber assets in connection with a new financing and the Commission approved that application in Decision No. 71324. In an ordering paragraph of Decision No. 71324, the Commission directed Applicants to "docket, either a statement that all Arizona customer deposits and prepayments are excluded from encumbrance, or copies of the performance bond or irrevocable sight draft letter of credit in the amount of the customer deposits and prepayments . . ." Applicants docketed a Notice of Compliance on January 26, 2010, stating that Global Crossing did not hold any customer deposits or prepayments in Arizona. Notice of Compliance, Docket No. T-02438B-09-0363, et al. Although the Applicants do not hold any deposits or prepayments in Arizona, the Escrow Account holding \$235,000 has been maintained since 2003 by the Applicants as required by Decision No. 65653.

LEVEL 3 ACQUISITION OF APPLICANTS

On April 11, 2011, Global Crossing Ltd., the indirect parent of the Applicants, entered into a merger agreement with Level 3 Communications, Inc. The Commission approved the merger by granting the *Joint Application for Limited Waivers of the Public Utility Holding Companies and Affiliated Interests Rules* filed by Level 3 and the Global Crossing Companies. See Decision 72431. Following the merger, and as approved by the Commission, GCTI and

GCLS became direct subsidiaries of Level 3 LLC through an intracorporate transaction. Decision 72431 fn. 7. Level 3 LLC is an indirect wholly owned subsidiary of Level 3 Communications, Inc. Although the bond requirement contained in Decision No. 65653 was not raised or addressed when Level 3 acquired the Applicants, in paragraph 21(e) of Decision No. 72431 Commission Staff recommended that “all customer deposits and prepayments be excluded from encumbrances and equivalent amounts be retained by Level 3 Companies and GC Companies, as corresponding.” No compliance filing requirement accompanied this instruction.

LEGAL ANALYSIS

1. The Bond Requirement Is Not Necessary or Reasonable.

The Commission “*may* require . . . the procurement of a performance bond sufficient to cover any advances or deposits the telecommunications company may collect from its customers.” A.A.C. R14-2-1105(D) (emphasis added). This rule was invoked by the Commission, as early as 2000, to protect consumers in the event a telecommunications carrier declared bankruptcy or abandoned service. *See, e.g.*, Decision No. 62751 (2000) (*Eschelon Telecom of Arizona CC&N Application*). At that time, many providers were new to Arizona and few carriers had invested in equipment and facilities. The new competitive local exchange carriers (“CLECs”) did not have demonstrable operating histories, nor could they offer track records of customer satisfaction. During this period, a bond requirement was the vehicle selected by Commission Staff to protect consumers in the event a provider could not meet its legal obligations. Bonds or letters of credit were one way for the Commission to protect consumers from companies with little or no assets or few ties to Arizona.

Now, fifteen years later, the market is very different. Indeed, customer deposits and advances are no more at risk with established, facilities-based CLECs like Applicants, than they are with Qwest Corporation or Cox, which operate in competition with facilities-based CLECs,

but carry no performance bonds benefiting the Commission. Applicants have established through their operating history that customer deposits are not at risk. Therefore, the bond requirement contained in Decision 65653 is not necessary or reasonable and the Applicants should be relieved of the obligation.

2. The Commission is Moving Towards Requiring Bond Only If Necessary

The Commission has issued orders in many proceedings eliminating bond-LOC requirements for competitive carriers. *See e.g.* Broadvox-CLEC (Decision No. 74410), Gila Local Exchange Carrier, Inc. (Docket No. T-03943A-14-0013), tw telecom of arizona llc, and XO Communications Services, LLC (Docket No. T-04302A-14-0115); CenturyLink Communications Company, LLC (T-02811B-14-0211). Likewise, the Commission has approved a carrier certification request without requiring a bond of the applicant. *See* TNCI Operating Company, LLC T-20882A-13-0108. In recommending approval of the TNCI certification application, Staff recommended no bond reflecting an appropriate reaction to changes in the competitive telecom market. Staff has recommended a “case by case” analysis for assessing the need for a bond. This makes sense. The Commission retains full authority to impose a bond/LOC if Staff is concerned about a company’s managerial or technical ability to provide service in Arizona. Companies like Applicants, however, that have been providing service for years, show no history of unresolved customer complaints or problems, and have demonstrated their technical and managerial expertise to provide service, should not be required to post a bond or letter of credit, or maintain an escrow account.

CURRENT STATUS

Since its inception in 2003, the Escrow Account provided by the Applicants has not been drawn against by the Commission. In connection a Global Crossing internal reorganization, the Commission Staff found no complaints in Arizona against the Applicants between 2007 and

2010. *See* Decision No. 71908, para. 15. Applicants are not aware of any customer complaints that brought into question the Applicants' reliability or conduct as public service corporations. The bond requirement in question (met through the Escrow Agreement) was imposed when it was the general policy of the Commission to require a bond or a letter of credit without a specific inquiry into the compliance record of the company. The Applicants are reliable and responsive public service corporations and a bond is not necessary to ensure their compliance with Commission orders.

The Applicants do not have a bond or a letter of credit held for safekeeping by the Commission Business Office. Pursuant to the arrangement made with Commission Staff in 2003, Applicants placed cash in the Escrow Account held by HSBC Bank USA and that account has remained open and still contains \$235,000. The Escrow Agreement anticipated that the Escrow Account obligation might one day be lifted by the Commission. To terminate the Escrow Account, "the Company shall provide a signed order of the Arizona Corporation Commission to the Escrow Agent instructing the Escrow Agent to terminate the Escrow Account (the 'Termination Order')." *See* Escrow Agreement Section 5. The Escrow Agreement further instructs the Escrow Agent regarding distribution of the funds once the Termination Order is received.

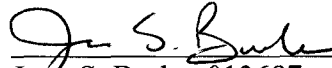
REQUEST REGARDING BOND AND ESCROW

Applicants respectfully request that the performance bond requirement and all associated customer deposit or prepayment restrictions contained in Decision Nos. 65653, 69345 and 71324 be cancelled. Applicants further request that the order granting this application include an ordering paragraph identifying the order as the "Termination Order" and instructing the Escrow Agent to terminate the Escrow Account as permitted under Section 5(a) of the Escrow Agreement dated April 28, 2003 between Global Crossing North American, Inc. and HSBC

BANK USA. Following the Escrow Agent's receipt of the Termination Order, the disbursement of the remaining Escrow Funds will occur as provided in paragraph 5(b) of the Escrow Agreement.

RESPECTFULLY SUBMITTED this 28th day of October 2015.

By:



Joan S. Burke, 013687

LAW OFFICE OF JOAN S. BURKE, P.C.

1650 North First Avenue

Phoenix, Arizona 85003

Telephone: (602) 535-0396

Joan@jsburkelaw.com

Attorney for: Global Crossing Local Services, Inc.,
Global Crossing Telecommunications, Inc. and
Level 3 Communications, Inc.

ORIGINAL and thirteen (13) copies of the foregoing
filed this 28th day of October 2015 with:

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007



Exhibit A



0000046479

ORIGINAL

THE ARIZONA CORPORATION COMMISSION RECEIVED

MARC SPITZER
Chairman

JIM IRVIN

Commissioner

WILLIAM A. MUNDELL

Commissioner

JEFF HATCH-MILLER

Commissioner

MIKE GLEASON

Commissioner

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AZ CORP COMMISSION
DOCUMENT CONTROL

Arizona Corporation Commission

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IN THE MATTER OF THE APPLICATION FOR)
APPROVAL OF THE TRANSFER OF CONTROL)
OF GLOBAL CROSSING LTD. (DEBTOR-IN-)
POSSESSION)'S ARIZONA OPERATING)
SUBSIDIARIES TO GC ACQUISITION LIMITED)

DOCKET NOS. T-04139A-02-0727
T-02438B-02-0727
T-02761B-02-0727
T-03539A-02-0727
T-03658A-02-0727

NOTICE OF COMPLIANCE FILING


Global Crossing Ltd. (Debtor-in-Possession) ("GCL") and GC Acquisition Limited ("New GX" and, together with GCL, "GC") hereby submit proof of segregated security in the amount of Two Hundred Thirty-Five Thousand and 00/100 Dollars (\$235,000.00), an amount sufficient to cover customer prepayments, deposits, and costs caused by any future discontinuance of service in Arizona. The attached Escrow Agreement and deposit slip evidence the creation of the segregated account and the deposit of the funds required by Decision No. 65653.¹ These funds will be released upon written direction from GC to repay customer prepayments, deposits or costs as directed by an order of the Arizona Corporation Commission.

¹ Decision No. 65653 directed GC to secure a performance bond of \$235,000.00 to cover customer prepayments and deposits in Arizona. Because GC has not yet completed its restructuring and has not emerged from bankruptcy, insurance companies were unwilling to underwrite that bond. In consultation with Commission Staff and legal counsel, GC proposed this segregated escrow account as an interim measure until a bond could be obtained.

This account will be replaced by a performance bond as soon as GCL emerges from bankruptcy and such a bond can be secured.

Dated this 30th day of April, 2003.

OSBORN MALEDON, P.A.

By 
Joan S. Burke
2929 North Central Avenue, Suite 2100
Phoenix, Arizona 85012-2794
(602) 640-9356
(602) 640-6074 (Fax)

Counsel for Global Crossing Ltd. (Debtor-in-Possession) and GC Acquisition Limited

CERTIFICATE OF SERVICE

I certify that the original and 21 copies of Notice of Compliance Filing regarding Docket Nos. T-04139A-02-0727, T-02438B-02-0727, T-02761B-02-0727, T-03539A-02-0727, and T-03658A-02-0727 were hand delivered this 30th day of April, 2003, to:

Arizona Corporation Commission
Docket Control – Utilities Division
1200 West Washington Street
Phoenix, Arizona 85007

and that a copy of the foregoing was hand delivered this 30th day of April, 2003, to the following:

Marta Kalleberg
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Tim Sabo
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

Brenda Wendt

ESCROW AGREEMENT

ESCROW AGREEMENT, dated as of 28 April, 2003, by and among Global Crossing North America, Inc. (the "Company") and HSBC BANK USA, a banking corporation and trust company organized and existing under the laws of the State of New York, as escrow agent (the "Escrow Agent").

WITNESSETH:

WHEREAS, the Company desires to establish an escrow account with the Escrow Agent into which certain funds will be deposited by the Company to be held and distributed in accordance with the terms and conditions set forth herein, and the Escrow Agent is willing to establish such an account and to accept such funds in accordance with the terms hereinafter set forth; and

WHEREAS, the Company represents and warrants to the Escrow Agent that it has not stated to any individual or entity that the Escrow Agent's duties will include anything other than these duties stated in this Agreement;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties hereto agree as follows:

Section 1. Establishment of Escrow Account.

The Escrow Agent shall establish and maintain on behalf of the Company, a non-interest bearing trust account (the "Escrow Account") to which there shall be immediately credited and held amounts received by the Escrow Agent from the Company in accordance with Section 2 hereof. The funds credited to the Escrow Account shall be applied and disbursed only as provided herein. The Escrow Agent shall, to the extent required by law, segregate the funds credited to the Escrow Account from its other funds held as an agent or in trust.

Section 2. Deposits to the Escrow Account.

(a) From time to time the Company shall deliver to the Escrow Agent for deposit in the Escrow Account funds required to be placed in escrow pursuant to the terms set forth herein.

(b) All amounts deposited with the Escrow Agent shall be transferred by wire transfer of immediately available funds to the following account (or to such other account as the Escrow Agent shall notify the Company in writing):

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(c) The Escrow Agent shall confirm in writing to the Company each deposit received by it pursuant to this Section 2 and the amount of each such deposit.

Section 3. Distributions from Escrow Account.

(a) Funds on deposit in the Escrow Account shall be withdrawn by the Escrow Agent and transferred only in accordance with this Section 3.

(b) At any time following the deposit of any amounts into the Escrow Account pursuant to Section 2 hereof, the Company may deliver to the Escrow Agent a written direction substantially in the form of Exhibit A attached hereto, directing the Escrow Agent to release funds from the Escrow Account. The Escrow Agent shall be entitled to rely, exclusively, on any representation made by the Company in relation to the release of funds from the Escrow Account, and shall release funds from the Escrow Account from time to time as directed in any such written direction from the Company.

(c) All funds distributed from the Escrow Account to the Company shall be transferred by wire transfer in immediately available funds to the following account (or to such other account as the Company shall notify the Escrow Agent in writing):

Section 4. Termination of Escrow Account and Escrow Agreement. The Escrow Account shall be deemed dissolved and this Escrow Agreement shall terminate upon the written agreement of the parties hereto or upon transfer of all amounts in the Escrow Account then in the possession of the Escrow Agent to a court of competent jurisdiction in accordance with the terms of this Escrow Agreement.

Section 5. Escrow Agent.

(a) The Company agrees to pay the Escrow Agent its agreed-upon compensation, as set forth in the attached Exhibit B, for its services as Escrow Agent hereunder promptly upon request therefore, and to reimburse the Escrow Agent for all expenses of or disbursements incurred by the Escrow Agent in the performance of its duties hereunder, including the reasonable fees, expenses and disbursements of counsel to the Escrow Agent. In the event the Company fails promptly to pay any such amount, the Company shall pay such amount promptly following the request of the Escrow Agent.

(b) The Escrow Agent shall have a lien upon the Escrow Account for any costs, expenses and fees that may arise hereunder and may retain that portion of the Escrow Account equal to such unpaid amounts, until all such costs, expenses and fees have been paid.

Section 6. Rights, Duties and Immunities of Escrow Agent. Acceptance by the Escrow
[18022.02/05744.00127]

Agent of its duties under this Escrow Agreement is subject to the following terms and conditions, which all parties to this Escrow Agreement hereby agree shall govern and control the rights, duties and immunities of the Escrow Agent.

(a) The duties and obligations of the Escrow Agent shall be determined solely by the express provisions of this Escrow Agreement and the Escrow Agent shall not be liable except for the performance of such duties and obligations as are specifically set out in this Escrow Agreement. The Escrow Agent shall not be required to inquire as to the performance or observation of any obligation, term or condition under any agreement or arrangement by the Company. The Escrow Agent is not a party to, and is not bound by, any agreement or other document out of which this Escrow Agreement may arise. The Escrow Agent shall be under no liability to any party hereto by reason of any failure on the part of any party hereto or any maker, guarantor, endorser or other signatory of any document or any other person to perform such person's obligations under any such document. The Escrow Agent shall not be bound by any waiver, modification, termination or rescission of this Escrow Agreement or any of the terms hereof, unless evidenced by a writing delivered to the Escrow Agent signed by the proper party or parties and, if the duties or rights of the Escrow Agent are affected, unless it shall give its prior written consent thereto. This Escrow Agreement shall not be deemed to create a fiduciary relationship between the parties hereto under state or federal law.

(b) The Escrow Agent shall not be responsible in any manner for the validity or sufficiency of this Escrow Agreement or of any property delivered hereunder, or for the value or collectibility of any note, check or other instrument, if any, so delivered, or for any representations made or obligations assumed by any party other than the Escrow Agent. Nothing herein contained shall be deemed to obligate the Escrow Agent to deliver any cash, instruments, documents or any other property referred to herein, unless the same shall have first been received by the Escrow Agent pursuant to this Escrow Agreement.

(c) The Company will reimburse and indemnify the Escrow Agent for, and hold it harmless against, any loss, liability or expense, including but not limited to counsel fees, incurred without bad faith or willful misconduct on the part of the Escrow Agent arising out of or in conjunction with its acceptance of, or the performance of its duties and obligations under, this Escrow Agreement, as well as the costs and expenses of defending against any claim or liability arising out of or relating to this Escrow Agreement.

(d) The Company shall deliver to the Escrow Agent a list of authorized signatories, as set forth in the attached Schedule A hereto, with respect to any notice, certificate, instrument, demand, request, direction, instruction, waiver, receipt, consent or other document or communication required or permitted to be furnished to the Escrow Agent hereunder, and the Escrow Agent shall be entitled to rely on such list with respect to any party until a new list is furnished by such party to the Escrow agent. The Escrow Agent shall be fully protected in acting on and relying upon any written notice direction, request, waiver, consent, receipt or other paper or document which the Escrow Agent in good faith believes to have been signed and presented by the proper party or parties.

(e) The Escrow Agent shall not be liable for any error of judgment, or for any act done or step taken or omitted by it in good faith or for any mistake in act or law, or for anything which it may do or refrain from doing in connection herewith, except its own willful misconduct.

(f) The Escrow Agent may seek the advice of legal counsel in the event of any dispute or question as to the construction of any of the provisions of this Escrow Agreement or its duties hereunder, and it shall incur no liability and shall be fully protected in respect of any action taken, omitted or suffered by it in good faith in accordance with the advice or opinion of such counsel.

(g) The parties hereto agree that should any dispute arise with respect to the payment, ownership or right of possession of the Escrow Account, the Escrow Agent is authorized and directed to retain in its possession, without liability to anyone, except for its bad faith, willful misconduct or gross negligence, all or any part of the Escrow Account until such dispute shall have been settled either by mutual agreement by the parties concerned or by the final order, decree or judgment of a court or other tribunal of competent jurisdiction in the United States of America, and a notice executed by the parties to the dispute or their authorized representatives shall have been delivered to the Escrow Agent setting forth the resolution of the dispute. The Escrow Agent shall be under no duty whatsoever to institute, defend or partake in such proceedings.

(h) The agreements set forth in this Section 6 shall survive the resignation or removal of the Escrow Agent, the termination of this Escrow Agreement and the payment of all amounts hereunder.

Section 7. Resignation of Escrow Agent. The Escrow Agent shall have the right to resign upon 30 days written notice to the Company. In the event of such resignation, the Company shall appoint a successor escrow agent hereunder by delivering to the Escrow Agent a written notice of such appointment. Upon receipt of such notice, the Escrow Agent shall deliver to the designated successor escrow agent all money and other property held hereunder and shall thereupon be released and discharged from any and all further responsibilities whatsoever under this Escrow Agreement; provided, however, that the Escrow Agent shall not be deprived of its compensation earned prior to such time.

If no successor escrow agent shall have been designated by the date specified in the Escrow Agent's notice, all obligations of the Escrow Agent hereunder shall nevertheless cease and terminate. Its sole responsibility thereafter shall be to keep safely all property then held by it and to deliver the same to a person designated by the other parties hereto or in accordance with the direction of a final order or judgment of a court of competent jurisdiction.

Section 8. Notices. All claims, notices and other communications hereunder to be effective shall be in writing and shall be deemed to have been duly given when delivered by hand, or 10 days after being sent by registered or certified first class mail postage prepaid, or, in the case of facsimile transmission, when received and telephonically confirmed, in each case

[178022.02/05744.00127]

addressed to the parties at the addresses set below (or to such other person or address as the parties shall have notified each other and the Escrow Agent in writing, provided that notices of a change of address shall be effective only upon receipt thereof). All claims, notices and other communications hereunder shall be in the English language.

If to the Company:

Global Crossing North America, Inc.
1080 Pittsford-Victor Road
Pittsford, New York 14534
Attn: Michael J. Shortley, III
Telephone: 585.255.1439
Facsimile: 585.381.8761

6781

If to the Escrow Agent:

HSBC BANK USA
452 Fifth Avenue
New York, New York 10018
Attn: Issuer Services
Telephone: (212) 525-1386
Facsimile: (212) 525-1300

Section 9. Binding Effect. This Escrow Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, successors and assigns.

Section 10. Amendments. This Escrow Agreement may be amended or modified at any time or from time to time in writing executed by the parties to this Escrow Agreement.

Section 11. Governing Law. This Escrow Agreement shall be governed by and construed and enforced in accordance with the laws of the State of New York applicable to contracts to be performed entirely within the State of New York, without reference to or application of rules or principles of conflicts of law.

Section 12. Interpretation. The headings of the sections contained in this Escrow Agreement are solely for convenience or reference and shall not affect the meaning or interpretation of this Escrow Agreement.

Section 13. Counterparts. This Escrow Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Section 14. Consent to Jurisdiction. Each of the parties hereto hereby irrevocably agrees that any action, suit or proceedings against any of them by any of the other aforementioned

[178022.02/05744.00127]

parties with respect to this Escrow Agreement shall be brought before the exclusive jurisdiction of the federal or state courts located in the Borough of Manhattan in the State of New York, unless all the parties hereto agree in writing to any other jurisdiction. Each of the parties hereto hereby submits to such exclusive jurisdiction.

Section 15. Severability. If any provisions of this Escrow Agreement shall be declared by any court of competent jurisdiction illegal, void or unenforceable, the other provisions shall not be affected, but shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Escrow Agreement as of the date and the year first above written.

ARIZONA CORPORATION COMMISSION

BY: _____

NAME: _____

TITLE: _____

GLOBAL CROSSING NORTH
AMERICA, INC.

By: Michael J. Sublette, Jr.
Name: MICHAEL J. SUBLETTE, JR.
Title: VICE PRESIDENT

HSBC BANK USA, as Escrow Agent

By: Frank J. Godino
Name: FRANK J. GODINO
Title: Vice President

Exhibit A

[Date]

HSBC BANK USA
452 Fifth Avenue
New York, New York 10018
Attn: Issuer Services

Dear Sirs:

In accordance with the terms of Section 2 of that certain Escrow Agreement dated as of _____, 2003 (the "Escrow Agreement") by and among _____ (the "Company"), and HSBC Bank, USA, as escrow agent (the "Escrow Agent"), the Company hereby directs the Escrow Agent to release to the Company pursuant to Section 3 of the Escrow Agreement funds in the amount of \$ _____.

By: _____
Name: _____
Title: _____

[178022.02/05744.00127]

Schedule A

The Escrow Agent is authorized to accept instructions in the form of a final order of the Arizona Corporation Commission, duly endorse, directing the release of some or all of the funds held pursuant to this Escrow Agreement..

1061008U#0P510H#0S#08#4099T17.27C11L12A#0C#GRHSBC BANK USA
TRANSACTIONS FROM 04/15/03 TO 04/30/03 - ALL PORTFOLIO 04/30/03 1514
10-878140 GLOBAL CROSSING NORTH AMERICA ESCROW PRIN. CASH INCOME CASH

04/14 BALANCES CARRIED FORWARD	0.00	0.00
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04/29 CASH RECEIPT	235,000.00	
TRANSFER FROM CHECKING		
797011978 INITIAL ESCROW DEPOSIT		

04/30 ENDING BALANCE - PRINCIPAL PORTFOLIO	235,000.00	
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04/30 ENDING BALANCE - INCOME PORTFOLIO		0.00
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04/30 ENDING BALANCE - INVESTED INCOME PORTFOLIO		0.00
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